

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INQUIRY INTO THE COMMUNITY OF INTEREST)	
AND AFFECT THEREOF BETWEEN THE AREAS OF)	CASE NO.
GEORGETOWN, KENTUCKY AND LEXINGTON,)	91-149
KENTUCKY)	

O R D E R

On April 23, 1993, the Commission initiated reconsideration of its decision to exclude the Sadieville and Stamping Ground exchanges from the determination that a community of interest existed between the Georgetown exchange and the Lexington and Midway exchanges. The Commission based its reconsideration upon several letters and petitions containing hundreds of names from the Sadieville and Stamping Ground areas of Scott County.

To reconsider the issue, the Commission required additional information to be filed. AT&T of the South Central States ("AT&T") has provided traffic studies between the Sadieville and Stamping Ground exchanges and the Lexington and Midway exchanges. Further, GTE South Incorporated ("GTE South") and South Central Bell Telephone Company ("South Central Bell") have filed revised cost studies and the impact on rates of the proposed extension of local service between Lexington and Midway and Sadieville and Stamping Ground. Finally, South Central Bell and GTE South have requested that they be permitted to implement optional local calling plans at a per-minute-of-use rate between Sadieville and Stamping Ground and Lexington and Midway instead of extended flat-rate service.

The Commission has carefully reviewed the proposal of South Central Bell and GTE South and the information provided by AT&T and finds that flat-rate extended area service should be provided between and among the Sadieville and Stamping Ground exchanges and the Lexington and Midway exchanges. The service should be provided through 7-digit dialing and all current local service should be maintained.

The entire record of this proceeding contains in-depth descriptions of the community of interest between Scott County and Fayette County, including specific evidence that the community of interest of Lexington extends to the northern parts of Scott County. This record is further solidified by the petitions with hundreds of signatures received by the Commission from the Sadieville and Stamping Ground communities requesting local service to the Lexington area.

As of June 26, 1993, local service was extended between the Lexington exchanges and the Midway exchange of GTE South and the Georgetown exchange of South Central Bell. Those exchanges experienced a rate increase of \$0.34 for residence and \$0.93 for business customers of GTE South and \$2.25 for residence and \$7.92 for business customers of South Central Bell.

South Central Bell asserts that local service can be extended from Lexington and Midway to Sadieville and Stamping Ground for an incremental cost of \$0.08 per month for residents and \$0.22 per month for businesses, provided these costs are recovered on a service area-wide basis. The service area will receive the benefit

of local service to Lexington and Midway; therefore, it is reasonable to spread the costs to the whole service area. GTE South's incremental cost for providing flat-rate service to Sadieville and Stamping Ground from its Lexington and Midway exchanges is \$0.02 per month for residents and \$0.06 per month for businesses. Flat-rate service could be extended to Sadieville and Stamping Ground by October 1993, according to South Central Bell, though GTE South could extend its service sooner.

The Commission has considered South Central Bell's proposal for Area Calling Service from Sadieville and Stamping Ground to Lexington and Midway and GTE South's proposal for a local calling plan from Lexington and Midway to Sadieville and Stamping Ground. The Commission finds these proposals insufficient in light of the community of interest that exists between Fayette County and Scott County.

South Central Bell and GTE South should file tariffs which extend flat-rate service between Lexington, Midway, Stamping Ground, and Sadieville and provide for the necessary rate increase. Proposed tariffs should be filed no later than September 1, 1993, to be effective October 1, 1993. Accordingly, local service rates for the Georgetown exchange will increase \$0.08 per month for residents and \$0.22 per month for businesses. Local service rates for the Sadieville and Stamping Ground exchanges will increase \$2.33 for residents and \$8.14 for businesses. Local service rates for the Lexington and Midway exchanges will increase \$0.02 for residents and \$0.06 for businesses.

South Central Bell and GTE South should notify the public through publication three times in newspapers of general circulation in the affected area beginning August 15, 1993. Copies of the proposed notice should be submitted to the Commission for review no later than August 1, 1993.

IT IS THEREFORE ORDERED that:

1. South Central Bell and GTE South shall extend flat-rate area local calling service between and among the Stamping Ground and Sadieville exchanges and the Lexington and Midway exchanges no later than October 1, 1993.

2. Local service rates for customers in the Sadieville and Stamping Ground exchanges shall increase \$2.33 per month for residents and \$8.14 per month for businesses.

3. Local service rates for customers in the Georgetown exchange shall increase \$0.08 per month for residents and \$0.22 per month for businesses.

4. Local service rates for customers in the Lexington exchanges and the Midway exchange shall increase \$0.02 per month for residents and \$0.06 per month for businesses.

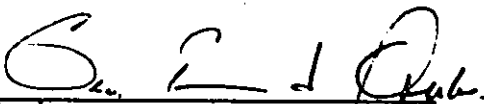
5. South Central Bell and GTE South shall publish notice of the rate increase three times in newspaper of general circulation in the affected areas beginning no later than August 15, 1993.


6. South Central Bell and GTE South shall file copies of the proposed notice with the Commission for approval no later than August 1, 1993.

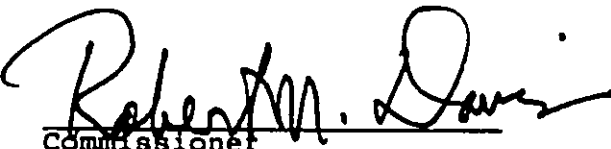
7. South Central Bell and GTE South shall file tariffs no later than September 1, 1993, to become effective October 1, 1993.

Done at Frankfort, Kentucky, this 12th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director